

FISCAL NOTE
HB 251 - SB 1742

March 31, 2005

SUMMARY OF BILL: Authorizes Shelby County to allocate a portion of county bonds issued for schools to a special school district (SSD) in the county if a facility for which the bonds are issued is located in the SSD.

Under current law, counties are authorized to issue bonds for school construction/improvement and to levy property taxes to meet debt service requirements for such bonds. A county which has within its borders an SSD or a city school system has the following options:

1. A county sells school bonds for improvements to county schools and schools in the SSD. County property taxes are levied on all county residents to pay debt service on these bonds. A portion of the bond proceeds must be allocated to the SSD for improvements to schools in the district. (This coincides with the provisions of the bill – a portion of the bond proceeds are for schools that are located in the SSD.)
2. A county sells school bonds for county schools only. Property taxes are levied only on those county residents living outside any SSD located in the county. There is no allocation of bond proceeds to the SSD. (This coincides with the provisions of the bill – none of the bonds are for schools in the SSD.)

ESTIMATED FISCAL IMPACT:


MINIMAL

Assumptions:

- Under current law, counties are already permitted to do what the bill appears to authorize.
- The option is not whether to allocate a portion of the proceeds to the school systems of a city or SSD. The option to the county is which citizens will pay property taxes for the debt service on these bonds. The county may choose to levy taxes on all county residents or may choose to levy taxes only on those county residents who live outside the city or SSD.
- Revenues and expenditures are only impacted when a bond is issued.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director